

Exhibit 15

Drug Makers Accused of Fixing Prices on Insulin

By Katie Thomas

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A lawsuit filed Monday accused three makers of insulin of conspiring to drive up the prices of their lifesaving drugs, harming patients who were being asked to pay for a growing share of their drug bills.

The price of insulin has skyrocketed in recent years, with the three manufacturers — Sanofi, Novo Nordisk and Eli Lilly — raising the list prices of their products in near lock step, prompting outcry from patient groups and doctors who have pointed out that the rising prices appear to have little to do with increased production costs.

The lawsuit, filed in federal court in Massachusetts, accuses the companies of exploiting the country's opaque drug-pricing system in a way that benefits themselves and the intermediaries known as pharmacy benefit managers. It cites several examples of patients with diabetes who, unable to afford their insulin treatments, which can cost up to \$900 a month, have resorted to injecting themselves with expired insulin or starving themselves to control their blood sugar. Some patients, the lawsuit said, intentionally allowed themselves to slip into diabetic ketoacidosis — a blood syndrome that can be fatal — to get insulin from hospital emergency rooms.

A recent study in The Journal of the American Medical Association found that the price of insulin nearly tripled from 2002 to 2013.

“People who have to pay out of pocket for insulin are paying enormous prices when they shouldn’t be,” said Steve Berman, a lawyer whose firm filed the suit on behalf of patients and is seeking to have it certified as a class action.

In a statement, Sanofi said, “We strongly believe these allegations have no merit, and will defend against these claims.” Lilly said it had followed all laws, adding, “We adhere to the highest ethical standards.”

A spokesman for Novo Nordisk said the company disagreed with the allegations in the suit and would defend itself. “At Novo Nordisk,” the company’s statement said, “we have a longstanding commitment to supporting patients’ access to our medicines.”

The rising costs of drugs has led to several hearings in Congress and has drawn the attention of President Trump, who this month pledged to address the issue and said the industry was “getting away with murder.”



Boxes of Humalog, an insulin made by Eli Lilly. Lilly, Sanofi and Novo Nordisk have been accused in a lawsuit of exploiting the country’s opaque drug-pricing system in a

way that benefits themselves and the intermediaries known as pharmacy benefit managers. George Frey/Bloomberg

In December, attorneys general in 20 states accused several generic drug makers, including two of the biggest — Teva Pharmaceuticals and Mylan — of engaging in a price-fixing scheme in which executives coordinated at informal gatherings and through phone calls and text messages. Federal investigators are also said to be looking at the issue of drug prices, and several companies, including Valeant Pharmaceuticals International, have said they have received subpoenas.

Several companies have recently tried to head off criticism by taking actions to address rising prices. In December, Lilly said it would offer a 40 percent discount off the list price of its insulin product, Humalog, for patients who are forced to pay full price. And Novo Nordisk, which makes Novolog, has pledged to limit price increases in the American market to less than 10 percent in a year.

The lawsuit filed Monday claimed that the three companies intentionally raised the list prices on their drugs to gain favorable treatment from pharmacy benefit managers, who work with health insurers and drug makers and help decide how a drug will be covered on a list of approved drugs.

Insurers do not pay the list prices that the drug makers set. Instead, the pharmacy benefit managers negotiate a rebate that is returned to them. The benefit managers, in turn, take a slice of that rebate for themselves, although the amount of the rebate, and the amount they keep, is not made public.

As a result, the drug manufacturers end up setting two prices for their drugs — the higher list price and the lower, secret, “real” price that insurers pay. The lawsuit claims that rather than competing with one another to offer a lower, “real” price to the insurers, the drug makers are vying to offer the best payment to the pharmacy benefit manager, which is why they have been raising the list price.

When the list price goes up, many patients see their out-of-pocket costs rise, even if they have health insurance. That’s because plans increasingly carry high deductibles, which require patients to pay for their drug costs themselves until

they hit a certain limit, as well as to pay a percentage of the list price even after their deductible is met.

While Mr. Berman accused the benefit managers of being complicit, he said the lawsuit focused on the drug makers because “they are playing the game, and they are the ones who publish the list price.”

Michael Carrier, an antitrust professor at Rutgers Law School, described the filing of the lawsuit as “big news” and said it was interesting because it turned its attention to the inner workings of the pharmacy benefit managers, which until now “have floated under the radar of sustained drug pricing scrutiny.”

Brian Henry, a spokesman for Express Scripts, the nation’s largest pharmacy benefit manager, declined to comment on the lawsuit, but said, “Rebates don’t raise drug prices, drug makers raise drug prices.”

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